

Message Text

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PAGE 01 STATE 139672
ORIGIN IO-14

INFO OCT-01 EUR-12 ISO-00 /027 R

66011

DRAFTED BY:IO:RBARRY

APPROVED BY:IO/SA:EMICHAL

-----045098 020512Z /10

P 020413Z JUN 78

FM SECSTATE WASHDC

INFO AMEMBASSY OTTAWA PRIORITY 0000

S E C R E T STATE 139672

FOLLOWING TELEGRAM FROM VIENTIANE DATED MAY 26, 1978
SENT SECSTATE WASHDC INFO BANGKOK, PARIS, HONG KONG,
CINCPAC, ROME IS REPEATED TO YOU: QUOTE

S E C R E T VIENTIANE 0597

CINCPAC FOR POLAD

E.O. 11652: XGDS 1, 4 DIMPTD

TAGS: PORG EPAP VM (WFP)

SUBJECT: WFP TEAM CONDUCTS INSPECTION TOUR OF WFP SUPPORTED PROJECTS
IN SRV

SUMMARY: A TWO MAN TEAM OF WFP EXPERTS VISITED VIET NAM IN
LATE APRIL TO STUDY THE MANAGEMENT OF WFP COMMODITIES PROVIDED
TO WFP-ASSISTED PROJECTS. THE TEAM WAS UNABLE TO FIND ANY
EVIDENCE THAT WFP COMMODITIES OTHER THAN RICE OR FLOUR HAD
BEEN DISTRIBUTED TO DESIGNATED PROJECT BENEFICIARIES. THE
TEAM NOTED THAT WFP FOOD PRODUCTS WERE PRESENT IN NORTHERN
VIET NAM WHERE NO WFP PROJECTS WERE IN OPERATION. THE TEAM
COMMENTED THAT VIETNAM HAD SET UP A NATIONWIDE FOOD RATIONING
SYSTEM AND THAT WFP AID APPARENTLY WAS ADDED INTO THE
GENERAL DISTRIBUTION SYSTEM WITH NO EAR-MARKING OF WFP AID

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FOR WFP SUPPORTED PROJECTS.
IN LIGHT OF THE SITUATION THE TEAM HAS PROPOSED TWO
ALTERNATIVES: 1) THE WFP MIGHT INSIST THAT
WFP PROVIDED AID BE DELIVERED DIRECTLY TO DESIGNATED
PROJECT BENEFICIARIES OR 2) WFP AID MIGHT BE EXCHANGED
FOR "EQUIVALENT FOOD ITEMS" WITHIN THE SRV'S FOOD
RATIONING SYSTEM. THE TEAM NOTED THAT THE CONSE

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OF THE LATTER, INCLUDING REACTIONS OF DONORS MUST BE CONSIDERED BY ROME. THE FORMER WOULD ENTAIL CLOSER MONITORING AND MIGHT MEET WITH RESISTANCE FROM THE VIETNAMESE GOVERNMENT WHICH COULD SEE THE PLAN AS THREATENING THE PRINCIPLES OF THEIR FOOD SUPPLY SYSTEM. END SUMMARY.

1. A WFP REPRESENTATIVE TOURED PARTS OF SOUTHERN AND NORTHERN VIET NAM IN MARCH AND ESTIMATED THAT THE 1978 SRV FOOD SUPPLY DEFICIT (THE DIFFERENCE BETWEEN DOMESTIC OUTPUT AND DOMESTIC REQUIREMENTS) WOULD BE 1,600,000 METRIC TONS. OF THIS ONLY 1,100,000 TONS THUS FAR WERE PROVIDED FOR IN ANTICIPATED COMMERCIAL AND CONCESSIONAL IMPORTS.

2. COMMENTING ON THE MANAGEMENT OF WFP COMMODITIES, THE REPRESENTATIVE FOUND NO EVIDENCE THAT WFP AID, OTHER THAN RICE AND FLOUR, HAD BEEN DISTRIBUTED TO DESIGNATED WFP PROJECT BENEFICIARIES.

3. NOTING THAT \$89 MILLION IN WFP AID HAD ALREADY BEEN ALLOCATED TO VIET NAM, THE REPRESENTATIVE RECOMMENDED THAT AN ADDITIONAL \$35 MILLION BE SPENT PROVIDED THE VIETNAMESE GOVERNMENT GAVE ASSURANCES THAT WFP-SUPPLIED COMMODITIES, OR EQUIVALENT COMMODITIES EXCHANGED FOR
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THEM, WOULD BE DISTRIBUTED TO PROJECT BENEFICIARIES. THE RECOMMENDATION WAS ALSO CONDITIONED ON VIETNAMESE AGREEMENT TO SUBMIT QUARTERLY REPORTS SHOWING RECEIPT, LOAN, REPLACEMENT, AND/OR EXCHANGE OF COMMODITIES WHENEVER APPLICABLE AS WELL AS ACTUAL DISTRIBUTION TO THE BENEFICIARIES. THE REPRESENTATIVE ALSO URGED THAT THE SRV SUBMIT ANNUAL ACCOUNTS.

4. THE REPRESENTATIVE RECOMMENDED THAT WFP ASSISTANCE NOT BE PROVIDED FOR AN SRV JANUARY 1978 REQUEST TO SUPPORT TRAINING OF SCIENTISTS, MANAGERS, AND SKILLED WORKERS DURING THE PERIOD 1978 TO 1980. SUPPORT OF THIS PROJECT WOULD HAVE REQUIRED OVER 100,000 TONS OF RICE, MEAT, AND OIL EACH YEAR.

5. IN A CONFIDENTIAL REPORT TO WFP ROME DATED APRIL 11, THE HEAD OF THE TWO MAN DELEGATION NOTED THE FINDINGS OF THE MARCH REPORT THAT THERE HAD BEEN NO EVIDENCE THAT WFP COMMODITIES OTHER THAN RICE AND FLOUR HAD BEEN DISTRIBUTED TO WFP PROJECT BENEFICIARIES. HE UNDERLINED THIS FINDING BY POINTING OUT THAT WFP SUPPLIED PROJECTS EVEN WERE FOUND IN NORTHERN VIET NAM WHERE NO WFP

PROJECTS EXISTED. THE APRIL REPORT STRESSED, HOWEVER, THAT THE QUESTION OF MANAGEMENT OF WFP PROJECT COMMODITIES IN VIET NAM SHOULD BE ANALYSED IN THE CONTEXT OF THE SRV'S NATIONAL FOOD RATIONING SYSTEM (SEE SEPTTEL), INTO WHICH WFP AID WAS CHanneled, IRRESPECTIVE OF ANY SPECIFIC EARMARKING OF THE WFP AID FOR SPECIFIC WFP SUPPORTED PROJECTS.

6. THE REPORT NOTED THAT AT FOOD DISTRIBUTION CENTERS, LEDGERS SHOWED NO SEPARATE ACCOUNT FOR WFP AID, THOUGH THE TEAM MEMBERS RECOGNIZED SOME WFP AID BY ITS BRAND NAMES. DESPITE REPEATED REQUESTS, VIENTANESE AUTHORITIES WOULD NOT PERMIT THE TEAM TO INTERVIEW DESIGNATED BENEFICIARIES. THE TEAM DISCOVERED THAT 1,122 TONS OF DSM
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(MILK), INTENDED FOR PREGNANT/NURSING MOTHERS, CHILDREN, AND SICK PEOPLE, HAD BEEN EXCHANGED FOR SWEET CONDENSED MILK WHICH WAS MORE ACCEPTABLE TO THE POPULATION AS A WHOLE.

7. THE TEAM OBSERVED THAT WHILE DESIGNATED BENEFICIARIES WERE NOT RECEIVING THE WFP CEREAL AID EARMARKED FOR THEM, GOVERNMENT FIGURES INDICATED THAT THE DESIGNATED BENEFICIARIES WERE RECEIVING THROUGH THE NATIONAL FOOD RATION SYSTEM MORE CEREAL FOODS THAN HAD BEEN PROVIDED FOR IN THE PROJECT DOCUMENT. AS FOR THE OTHER WFP AID (OIL, MEAT, FISH, AND DSM) THE TEAM WAS UNABLE TO DETERMINE FI RATIONS EQUIVALENT TO THE WFP AID WERE REACHING THE EDESIGNATED BENEFICIARIES THROUGH THE NATIONAL SYSTEM.

8. THE REPORT CONCLUDED THAT MANAGEMENT OF WFP FOOD AID IN VIET NAM REPRESENTED A GENERALLY "GOOD USE OF WFP FOOD INPUTS," ALTHOUGH THE DISTRIBUTION SYSTEM ADOPTED BY THE COUNTRY "DID NOT CORRESPOND ENTIRELY" TO THE TRADITIONAL WFP PROJECT APPROACH AS DESCRIBED IN THE PROJECT DOCUMENTS.

9. THE TEAM RECOMMENDED THE FOLLOWING:

- (A) THAT THE "PROJECT APPROACH" BE MAINTAINED: THAT ADDITIONAL PROJECTS BE DESIGNED/DEVELOPED (AND THAT PROJECT 2278 BE EXTENDED, SEE SEPTTEL ON SPECIFIC WFP PROJECT)
- (B) THAT WHEAT FLOUR CONTINUE TO BE PROVIDED AS THE BASIC WFP RATION;
- (C) THAT TWO ALTERNATIVE APPROACHES BE CONSIDERED FOR FUTURE ASSISTANCE STRATEGY; 1) THAT FOOD COMMODITIES BE PROVIDED WITH THE UNDERSTANDING THAT THE VIETNAMESE GOVERNMENT MAY EXCHANGE THESE FOR EQUIVALENT FOOD ITEMS
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THROUGH THE NATIONAL FOOD RATION SYSTEM. (THE REPORT NOTED THAT IF THIS APPROACH WERE ADOPTED "CLEARER INFORMATION AS TO THE ACTUAL RATION--OTHER THAN RICE/FLOUR--WOULD BE REQUIRED." THE REPORT NOTED THAT "CONSEQUENCES OF SETTING THIS PRECEDENT SUCH AS THE REACTIONS OF DONORS AND OTHER RECIPIENTS MUST BE CONSIDERED BY MANAGEMENT." THE SECOND ALTERNATIVE CALLED FOR: 2) INSISTENCE THAT WFP FOOD COMMODITIES BE DISTRIBUTED TO THE DESIGNATED BENEFICIARIES. THE REPORT NOTED THAT THIS WOULD REQUIRE INCREASED WFP MONITORING AND THAT IF IMPLEMENTED, THE VIETNAMESE MIGHT FEEL THAT IT WOULD SERIOUSLY AFFECT THE VERY PRINCIPLES ON WHICH THEIR FOOD RATION SYSTEM WAS BASED.

10. WHILE NOT OFFERING A SPECIFIC RECOMMENDATION AS TO WHICH ALTERNATIVE TO CHOOSE, THE REPORT DID NOTE THAT THE FIRST ALTERNATIVE WOULD BE "LESS DISRUPTIVE OF THE SRV FOOD SUPPLY SYSTEM." THE REPORT CONCLUDES BY URGING THAT THE SRV BE INFORMED OF WFP REQUIREMENTS FOR MONITORING OF WFP INPUTS TO THE ASSISTED PROJECTS.

11. IN A SEPARATELY MAY 15 LETTER TO THE UNRESREP IN HANOI (SEE SEPTTEL ON WFP-VIETNAMESE DISCUSSIONS), WFP OFFICIALS NOTED THAT FOR TWO YEARS "IT HAS BEEN IMPOSSIBLE FOR WFP STAFF MEMBERS EITHER FROM THE FIELD OR FROM HEADQUARTERS TO HAVE ACCESS, AS IS THE CASE IN ALL COUNTRIES ASSISTED BY WFP, TO THE BENEFICIARIES...AND TO ASSIST (THE) DISTRIBUTION OF FOODSTUFFS AS REQUIRED IN THE PROJECT'S AGREEMENT."

12. COMMENT: IN MAKING ITS RECOMMENDATIONS, THE TEAM APPARENTLY ACCEPTED UNQUESTIONINGLY GOVERNMENT FIGURES WHICH INDICATED THAT WFP PROJECT BENEFICIARIES WERE RECEIVING THROUGH THE SRV NATIONAL FOOD RATION SYSTEM "MORE CEREAL FOODS THAN HAD BEEN PROVIDED FOR IN THE PROJECT DOCUMENT." GIVEN THE TEAM'S INABILITY TO GAIN

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ACCESS TO BENEFICIARIES OR TO PARTICIPATE IN DISTRIBUTION OPERATIONS, THIS WILLINGNESS OF THE TEAM TO ACCEPT THE GOVERNMENT'S FIGURES SEEMS A BIT HASTY. THE WFP HAS MADE KNOWN TO THE VIETNAMESE THAT IT MUST BE ALLOWED TO MONITOR WFP COMMODITY MANAGEMENT MORE CLOSELY IN THE FUTURE (SEE SEPTTEL ON WFP-VIETNAMESE DISCUSSIONS). MOREOVER, GOIVEN CHRONIC CHARGES OF HARSH CONDITIONS

IN SRV-RUN MASS LABOR PROJECTS SIMILAR TO THE WFP-SUPPORTED
EFFORTS (SEE SEPTTEL ON WFP PROJECTS) INSISTENCE THAT
WFP COMMODITY ASSISTANCE BE DISTRIBUTED ONLY TO THE
DESIGNATED BENEFICIARIES (WHICH PROPER WFP MONITORING)
MIGHT BE THE MORE PRUDENT COURSE.
ROBERTS UNQUOTE VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSPECTIONS, FOOD ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 02 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE139672
Document Source: CORE
Document Unique ID: 00
Drafter: IO:RBARRY
Enclosure: DC ALSO X1
Executive Order: X4
Errors: N/A
Expiration:
Film Number: D780230-0640
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806101/aaaadjft.tel
Line Count: 230
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0b13777c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN IO
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2141440
Secure: OPEN
Status: NATIVE
Subject: WFP TEAM CONDUCTS INSPECTION TOUR OF WFP SUPPORTED PROJECTS IN SRV SUMMARY: A TWO MAN TEAM OF WFP EXPERTS VISITED VI
TAGS: PORG, EPAP, EAID, VM, WFP
To: OTTAWA
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/0b13777c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014